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PUBLIC EMPLOYMENT  
RELATIONS ACT

## IN THE MATTER OF INTEREST ARBITRATION

BETWEEN	)	
	)	
CITY OF COUNCIL BLUFFS, IOWA,	)	
	)	Hugh J. Perry, Arbitrator
PUBLIC EMPLOYER,	)	Jan Corderman, Arbitrator
AND	)	Jack Lipovac, Arbitrator
	)	
AMERICAN FEDERATION OF STATE,	)	
COUNTY AND MUNICIPAL EMPLOYEES,	)	Award Issued March 15, 2004
LOCAL 2844,	)	
	)	
EMPLOYEE ORGANIZATION.	)	

## APPEARANCES:

FOR CITY OF COUNCIL BLUFFS:  
James Brick, Attorney

FOR AFSCME LOCAL 2844:  
Dan Homan, Bargaining Representative

## BACKGROUND

AFSCME Local 2844 represents a group of 100 blue collar employees in the City of Council Bluffs. There are 3 other bargaining units in the City represented by CWA, The Fraternal Order of Police and Firefighters Local 15. The CWA unit has settled their contract this year. The Police are in the second year of a two year agreement and the Firefighters are engaged in arbitration. Last year this bargaining unit did not timely complete impasse procedures and the City imposed terms for wages and insurance (premium contributions). The City is otherwise honoring the terms of the last contract which dated from July 1, 2001 to June 30, 2003. The parties engaged Factfinding but that process failed to resolve all their differences. They proceed to tripartite arbitration as provided in the Public Employment Relations Act. The Union selected Jan Corderman as arbitrator, the City Jack Lipovac. A hearing was held on Thursday March 11, 2004 at the Council Bluffs City Hall. Following the presentation of testimony, written exhibits and arguments, the hearing was closed. Immediately following the hearing the arbitrators conferred. They agreed that the undersigned would FAX a copy of this award for each to sign indicating whether they conferred or dissented with respect to my award on each impasse issue. The undersigned, in fashioning this award, has considered the criteria set forth in Section 20.22(9) of the PERA. The discussion set forth in this award is mine. The other arbitrators do not necessarily agree with the rationale supporting the conclusions reached.

## IMPASSE ISSUES

The Impasse Issues before the Arbitrators are: *Wages and Insurance.*

## COMPARABILITY

The parties agree on a comparability group which includes the Iowa Cities of Cedar Rapids, Davenport, Sioux City, Waterloo, Iowa City, Dubuque, Ames, West Des Moines, Cedar Falls and Bettendorf. In addition to these Cities, the City placed emphasis on internal comparability comparing this unit with the other bargaining units in Council Bluffs.

## CURRENT CONTRACT

**Wages:** The contract provides for a job classification plan with grades 14 to 24. There are 8 steps. An employee attains top pay after 7 years. Last year the City implemented a 2½% wage increase for these employees. Neither party proposes changing the pay structure contained in the 2001-2003 agreement.

**Insurance:** The City has a self insured health insurance program for its employees. Employees enjoy single and family health, dental and optical insurance. There is a preferred provider(PPO) component to the insurance plan which reflects lower hospital co-insurance for those employees using it (90% vs. 80%). Maximum annual deductibles are \$100.00 per person and \$300.00 for family. Maximum annual out of pocket is \$1,000.00 for employee and \$2,000.00 for family. The current premium cost to these employees is 5% of the premium cost. The current cost of single health insurance is \$285.40 per month and for family (employee, spouse and children) \$860.91 per month. Employees currently pay \$14.27 per month for single insurance and \$43.05 per month for family insurance. Dental and optical insurance premiums are not part of the required 5% contribution.

## PROPOSALS OF THE PARTIES

### CITY PROPOSALS:

**Wages.** The City proposes a 2% general wage increase for these employees. (The City amended its final offer at hearing as it had not previously in bargaining presented to the Union the 3% proposed increase it was prepared to advance at arbitration. The Union concurred in this amendment.)

**Insurance:** The City proposes that these employees continue to pay 5% of the premium costs of their insurance and that the insurance plan in effect remain unchanged.

### UNION PROPOSALS:

**Wages:** The Union proposes that the wages of these employees be increased by 4% as recommended by the Factfinder.

**Insurance:** The Union proposes that the required contribution of these employees in the premium

cost revert back to that provided in the last contract (July 1, 2001 to June 30, 2003), namely \$1.20 per year for single insurance and \$120.00 per year for dependent coverage.

#### **FACTFINDER'S RECOMMENDATIONS:**

**Wages:** The Factfinder recommended a 4% across the board increase for these employees effective July 1, 2004.

**Insurance:** The Factfinder recommended that employees taking single insurance pay \$10.00 per month toward this coverage, that employees hired before July 1, 2003 taking dependent insurance pay \$24.00 per month and that employees hired after July 1, 2003 pay \$56.00 per month for family coverage.

### **CONTENTIONS OF THE PARTIES AND DISCUSSION**

#### **WAGES**

The City urges that its 2% increase be awarded. The City points out that the CWA group voluntarily settled for a 3% wage adjustment this year and that the Police will receive a 3% increase in the second year of a two year contract. The City's data indicates that these employees are compensated somewhat below average when compared with their counterparts in the other Iowa Cities, but that this has historically been the case. The City contends that these employees did not fall behind because of last year's 2.5% increase. The settlement history over the last four years indicates the average increase is 13.27% compared to an increase of 13.5% in Council Bluffs. The City advanced data for contracts beginning July 1, 2004 and wage increases to be implemented: Iowa City 2.65%, Cedar Rapids 2.6%, and Ames 3%. Cities with multi-year contracts will make the following wage adjustments this year: Sioux City 4.5%, Waterloo 3.5%, West Des Moines 2.5% and Bettendorf 3%.

The Union argues that due to last year's 2.5% wage increase these employees have fallen further behind. These employees are consistently behind in each benchmark group. The average wage increase for similar employees in these other communities was well above 3% for the contracts which took effect on July 1, 2003. A 4% wage increase is justified and should be awarded.

**Discussion.** It appears from the data presented that the 2.5% wage adjustment implemented by the City for the current year was below the average settlement in the other comparable cities. It is also apparent that such a settlement was below that attained by other bargaining units in Council Bluffs: Police 3.5% and CWA 3.5%. It appears that 2% is below the average settlement obtained by other similar employees in the comparable cities this year and would cause these employees to lose further ground. The 4% wage increase proposed by the Union was recommended by the Factfinder. It is the most reasonable proposal advanced by the parties and is awarded.

#### **INSURANCE**

The City proposes that these employees be required to continue to pay 5% of the premium cost of their health insurance. The City notes that its health insurance costs have dramatically escalated and that it is reasonable to ask its employees to share in these increasing costs. The City notes that the actual cost of its health insurance has exceeded the projected cost (accrual rate) and that its insurance reserves have been depleted. The diversion of \$800,000.00 in gaming funds to the insurance fund was necessary this year to avoid a deficit. Currently annual health insurance cost (including optical and dental coverage) per employee is \$11,448.00. All other City employees are paying a greater share of their health insurance premiums. CWA employees will pay 5%, The Police employees are on the \$10/\$24/\$56 plan recommended here by the Factfinder. Non union employees will be required to contribute 5%. The Firefighters are at arbitration over this issue. The City contends that the most serious problem is the escalating use and cost of dependent insurance. Greater employee participation premium costs will increase the motivation of both parties to work together to control costs.

The Union's proposal is to revert back to the rates in effect during the last contract, \$1.20 per year for single and \$120.00 per year for dependent insurance. The Union notes that the requirement of employees paying 5% of the premium was imposed upon these employees by the City. Such a change in benefit should be mutually negotiated by the parties. The City is asking for major change in its health insurance but is unwilling to give anything significant in return. There is no justification for a major change in this benefit.

**Discussion.** Contributions toward the premiums for these employees' health insurance prior to July 1, 2003 were token, \$1.20 year for single insurance and \$120.00 year for dependent coverage. This amounted to 1% of the total premium cost now over \$11,000 per year per employee. The trend in Council Bluffs and in other cities is for employees to assume a greater share of their insurance cost. I agree with the Union that this is a benefit that is best mutually negotiated by the parties. However, such an approach has, for whatever reason, failed here. The proposal of the Union to revert back to the token premium contribution rates of the previous contract is not reasonable and will not be awarded. This leaves for consideration the recommendation of the Factfinder and the proposal of the City. The Factfinder recommended that these employees pay \$10.00 per month toward the cost of single insurance and \$24.00 per month toward the cost of family insurance. Further, employees hired after July 1, 2004 would pay \$56.00 per month toward the cost of their insurance. In post hearing deliberations, the arbitrator selected by the union voiced strong objections to this approach contending that it created issues of equity and disparate treatment of employees. Two employees working side by side performing identical work could receive different benefits. These employees have been contributing 5% of the cost of their insurance since July 1, 2003. This currently amounts to \$14.27 per month for single and \$43.05 per month for an employee with spouse and children. These rates are projected to increase to \$17.84 per month and \$53.81 per month effective with the next contract. While these rates are substantially more than these employees were required to pay under the contract which expired June 30, 2003, they are not unreasonable when measured against the significant cost of this insurance, 95% of which the employer must continue to pay. Based upon this discussion, it is concluded that the position of the City on health insurance is the most reasonable. It is awarded.

## **AWARD**

**WAGES** - The Union proposal. A general wage increase of 4%

**INSURANCE** - The City Proposal. Employees shall pay 5% of the premium cost of their health insurance.

Signed this 15<sup>th</sup> day of March, 2004



Hugh J. Perry, Arbitrator

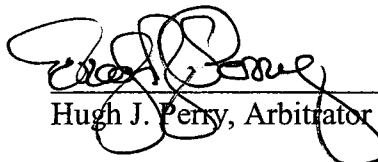
## CERTIFICATE OF SERVICE

I certify that on the 15<sup>th</sup> day of March, 2004, I served the foregoing Award of Arbitrator upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

James Brick  
Attorney At Law  
550 39<sup>th</sup> Street Suite 200  
Des Moines, Iowa 50312

Dan Homan  
AFSCME Local 2844  
3000 Isabella Street  
Sioux City, Iowa 51103

I further certify that on the 15<sup>th</sup> day of March, 2004, I will submit this award for filing by mailing it to the Iowa Public Employment Relations Board, 514 East Locust Street, Suite 202, Des Moines, Iowa 50309.

  
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Hugh J. Perry, Arbitrator

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RELATIONS BOARD

CITY OF COUNCIL BLUFFS/AFSCME LOCAL 2844  
INTEREST ARBITRATION AWARD ISSUED MARCH 15, 2004

I concur with the Award made on Wages and Insurance

Signed March 15, 2004

/S/ Jack Lipovac, Arbitrator

I concur with the Award made on Wages but dissent from the Award made on Insurance.

Signed March 15, 2004

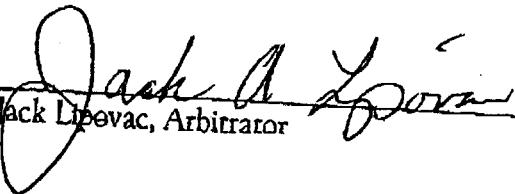
/S/ Jan Corderman, Arbitrator

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CITY OF COUNCIL BLUFFS/AFSCME LOCAL 2844  
INTEREST ARBITRATION AWARD ISSUED MARCH 15, 2004

I concur with the Award made on Wages and Insurance

Signed March 15, 2004

  
Jack Libevac, Arbitrator

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RELATIONS DIVISION

I concur with the Award made on Wages but dissent from the Award made on Insurance.

Signed March 15, 2004

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Jan Corderman, Arbitrator